

### Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00 %
Personal Services	349,075	372,516	394,097	394,708	721,591	788,805	67,214	9.31 %
Operating Expenses	2,528,340	2,511,338	2,467,252	2,448,354	5,039,678	4,915,606	(124,072)	(2.46)%
Equipment & Intangible Assets	3,801,753	2,315,314	3,801,753	3,801,753	6,117,067	7,603,506	1,486,439	24.30 %
Debt Service	19,449	106,521	19,449	19,449	125,970	38,898	(87,072)	(69.12)%
<b>Total Costs</b>	<b>\$6,698,617</b>	<b>\$5,305,689</b>	<b>\$6,682,551</b>	<b>\$6,664,264</b>	<b>\$12,004,306</b>	<b>\$13,346,815</b>	<b>\$1,342,509</b>	<b>11.18 %</b>
Proprietary Funds	6,698,617	5,305,689	6,682,551	6,664,264	12,004,306	13,346,815	1,342,509	11.18 %
<b>Total Funds</b>	<b>\$6,698,617</b>	<b>\$5,305,689</b>	<b>\$6,682,551</b>	<b>\$6,664,264</b>	<b>\$12,004,306</b>	<b>\$13,346,815</b>	<b>\$1,342,509</b>	<b>11.18 %</b>

### Program Description

See Other Issues section of this report.

### Program Highlights

See Other Issues section of this report.

### Funding

The following table shows proposed program funding by source from all sources of authority.

Department of Transportation, 07-State Motor Pool Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
<b>State Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Federal Special Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
06506 Motor Pool - Int Svc	0	13,346,815	0	13,346,815	100.00 %	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$13,346,815</b>	<b>\$0</b>	<b>\$13,346,815</b>	<b>100.00 %</b>	
<b>Total All Funds</b>	<b>\$0</b>	<b>\$13,346,815</b>	<b>\$0</b>	<b>\$13,346,815</b>		

See Other Issues section of this report.

### Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	5,276,803	5,276,803	10,553,606	0.00 %
PL Adjustments	0	0	0	0.00 %	1,405,748	1,387,461	2,793,209	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$6,682,551</b>	<b>\$6,664,264</b>	<b>\$13,346,815</b>	

**Other Issues -****Proprietary Program Description**Motor Pool Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components:

- Daily rental fleet; and
- Out-stationed lease fleet.

The daily rental program operates out of the Helena headquarters facility and provides a fleet of 181 vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide. The motor pool's responsibilities are established in 2-17-411, MCA, and include the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the motor pool (this does not apply to motor vehicles used in the service of the Governor, attorney general or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options for use by state employees are: 1) other state-owned vehicles not part of the state motor pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract.

The program does not expect any major changes to the customer base. The program has received requests from state agencies to purchase 37 additional vehicles for the lease program during the 2017 biennium. New agency lease requests are summarized in the figure below.

Leased Vehicles Requests in 2017 Biennium Requested in Agency Decision Packages					
Agency	Number	Class	Description	New Agency Costs	
				FY 2016	FY 2017
Public Health and Human Services	5	2	Small Utilities	\$16,286	\$17,172
	5	12	Vans	17,567	19,428
Environmental Quality	2	2	Small Utilities	9,747	10,474
Justice	3	2	Small Utilities	17,820	18,891
	1	11	Large Pickup	4,601	4,615
Corrections	6	6	Passenger Car	12,634	12,884
Public Defender	1	6	Passenger Car	4,405	4,475
Livestock	6	11	Large Pickup	37,644	37,809
	1	4	Large Utilities	8,897	9,011
	7	11	Large Pickup		41,159
<b>Total</b>	<b>37</b>			<b>\$129,601</b>	<b>\$175,920</b>

Fund Equity and Reserved Fund Balance, 06506 Motor Pool - Internal Service Fund

The motor pool fund is managed with a 60 days working capital as required by state law. In the 2017 biennium, the 60 day working capital would require a balance of \$765,600 per year. The motor pool owns its vehicles which is a significant factor to the current fund balance. Statute requires that agencies providing enterprise/internal service functions must provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund. This information may be seen in the figure below.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: State Motor Pool			
	<b>Fund</b> 06506	<b>Fund Name</b> Motor Pool - Int Svc					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
<b>Operating Revenues:</b>							
Fee and Charges							
Fee Revenue A		4,899,277	4,944,145	3,784,024	4,486,816	4,480,589	4,587,329
Other Operating Revenue		7,195	13,321	-	-	-	-
<b>Total Operating Revenues</b>		4,906,472	4,957,466	3,784,024	4,486,816	4,480,589	4,587,329
<b>Expenses:</b>							
Personal Services							
		347,704	352,412	360,624	372,516	394,084	394,696
Other Operating Expenses		4,437,228	3,949,999	3,668,005	4,114,300	4,086,505	4,192,633
<b>Total Operating Expenses</b>		4,784,932	4,302,411	4,028,629	4,486,816	4,480,589	4,587,329
<b>Operating Income (Loss)</b>		121,540	655,055	(244,605)	-	-	-
<b>Nonoperating Revenues:</b>							
Other Revenue A							
		133,546	189,781	71,140	-	-	-
<b>Nonoperating Expenses:</b>							
<b>Total Nonoperating Revenues (Expenses)</b>		133,546	189,781	71,140	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>		255,086	844,836	(173,465)	-	-	-
<b>Change in Net Position</b>		255,086	844,836	(173,465)	-	-	-
<b>Beginning Net Position - July 1</b>		5,068,066	5,323,152	6,167,988	5,994,523	5,994,523	5,994,523
Change in Net Position		255,086	844,836	(173,465)	-	-	-
<b>Ending Net Position - June 30</b>		5,323,152	6,167,988	5,994,523	5,994,523	5,994,523	5,994,523
<b>Net Position (Fund Balance) Analysis</b>							

## Expenses

Significant base costs for the program are:

- Personal services for 6.00 FTE of \$349,076 or 5.1% of total costs
- Operating costs of \$2.5 million, including:
  - Gasoline, \$1.7 million
  - Repair and maintenance costs, \$382,189
  - Contracted services to support the motor pool management system, \$197,251
  - Insurance and bonds, \$298,293
- Equipment costs of \$3.8 million
- Debt service costs of \$19,449

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Changes in the 2017 biennium the State Motor Pool Program budget include:

- Personal services - projected to increase by \$55,640 or 7.6%
- Operating costs – projected to increase by \$477,453 or 6.1%
- Total expenses – projected to increase by \$533,094 or 6.2%

### Revenues

Revenue is primarily generated through vehicle rental fees, which provided 100.0% of the program revenue in the base year. The following sources of funding were used to pay for the services provided by this program in FY 2014:

- General fund (55.0%)
- State special revenue (20.8%)
- Federal special revenue (20.7%)
- Proprietary funds (2.4%)
- Other (1.1%)

On occasion, the program receives revenues resulting from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies. Vehicle rental fees come from two service classes: 1) short-term rentals; and 2) long-term leases. Revenue is expected to increase by \$797,071, or 9.6%, in the 2017 biennium. However, the increased revenue is not related to the rate structure (seen in the rate table below), which is actually expected to reduce costs, but instead increased use.

### *Significant Present Law Adjustments*

The Motor Pool Program included one decision point proposal with its budget submission, as follows:

- CP 07111 - OT/Diff - Program – This change package would provide an increase in personal services costs for overtime and differential pay, including the associated benefits. The request would provide \$284 each year for overtime and retirement pay. The request is consistent with base year expenditures and will not increase rates for the 2017 biennium

For the 2017 biennium, the executive requests state motor pool rates as shown in the figure below. If approved by the legislature, this rate schedule would be included in the “R” section of HB 2.

### Motor Pool Rates

The proposed rates, as seen in the figure below, are the maximum the program may charge during the biennium.

State Motor Pool Base and 2017 Biennium Requested Rates							
Class	Description	FY 2014 (Actual)		FY 2016		FY 2017	
		Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)
		Tier 1 \$3.35/gal					
2	Small Utilities	\$0.990	\$0.203	\$1.121	\$0.160	\$1.249	\$0.159
3	Hybrid SUV	1.872	0.186	2.372	0.174	2.383	0.175
4	Large Utilities	1.655	0.280	1.636	0.206	1.675	0.206
5	Hybrid Sedans	1.522	0.112	1.755	0.113	1.766	0.113
6	Passenger Car	0.999	0.159	0.702	0.157	0.721	0.158
7	Small Pickup	0.686	0.231	0.121	0.241	0.132	0.242
11	Large Pickup	0.963	0.262	0.716	0.251	0.714	0.253
12	Vans	1.203	0.226	0.983	0.196	1.043	0.197
		Tier 2 \$3.85/gal					
2	Small Utilities	\$0.990	\$0.229	\$1.121	\$0.180	\$1.249	\$0.179
3	Hybrid SUV	1.872	0.208	2.372	0.193	2.383	0.194
4	Large Utilities	1.655	0.317	1.636	0.234	1.675	0.235
5	Hybrid Sedans	1.522	0.126	1.755	0.125	1.766	0.126
6	Passenger Car	0.999	0.178	0.702	0.176	0.721	0.177
7	Small Pickup	0.686	0.259	0.121	0.272	0.132	0.273
11	Large Pickup	0.963	0.295	0.716	0.284	0.714	0.286
12	Vans	1.203	0.254	0.983	0.220	1.043	0.221
		Tier 3 \$4.35/gal					
2	Small Utilities	\$0.990	\$0.255	\$1.121	\$0.200	\$1.249	\$0.199
3	Hybrid SUV	1.872	0.231	2.372	0.213	2.383	0.214
4	Large Utilities	1.655	0.353	1.636	0.264	1.675	0.264
5	Hybrid Sedans	1.522	0.141	1.755	0.138	1.766	0.139
6	Passenger Car	0.999	0.198	0.702	0.195	0.721	0.196
7	Small Pickup	0.686	0.287	0.121	0.302	0.132	0.303
11	Large Pickup	0.963	0.328	0.716	0.317	0.714	0.318
12	Vans	1.203	0.283	0.983	0.244	1.043	0.245

When the State Motor Pool rates are budgeted in the agencies, the rates are calculated (based on usage) as an inflation/deflation rate that is then applied to base expenditures. In the 2017 biennium, the proposed rate structure would result in the following adjustments to the agencies' base:

- FY 2016 - (12.72%)
- FY 2017 - (11.02%)

For the 2017 biennium, the executive requests State Motor Pool rates as shown in the figure below. If approved by the legislature, this rate schedule would be included in the "R" section of HB 2.

### Historical Trends

As seen in the figure to the below, the program increased its inventory from 833 units in FY 2005 to a high of 1,056 in FY 2009. During that time, annual mileage increased from 13.0 million to a high of 15.0 million miles in FY 2008. This growth in the number of vehicles and miles traveled was largely due to the encouragement by the administration for agencies to lease new vehicles from the state motor pool instead of purchasing vehicles directly. During FY 2010 the program began to reduce fleet size based on miles traveled. Along with a reduction in travel by state employees, this fleet reduction decreased the fleet size to 912 vehicles in FY 2012 and the miles traveled to 13.0 million.

Fleet Size and Miles			
FY	Units	Miles	Annual % Change in Miles
2005	833	13,014,200	10.9%
2006	884	13,646,466	4.9%
2007	943	14,104,595	3.4%
2008	1,032	14,972,276	6.2%
2009	1,056	14,380,872	-3.9%
2010	1,020	13,758,259	-4.3%
2011	912	12,693,749	-7.7%
2012	912	12,964,321	2.1%
2013	936	12,817,967	-1.1%
2014	967	12,625,411	-1.5%
2015F	972	12,738,865	0.9%